

## Message Text

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PAGE 01 STATE 084890 POSS DUPE  
ORIGIN AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 /061 R

DRAFTED BY AF/E:PGSMITH:JJ  
APPROVED BY AF/E:RPOST  
AF/EPS:DMCCLELLAN (DRAFT)  
EB/IFD/OMA:CERVIN (DRAFT)  
TREAS/OASIA/IDN:RBANQUE (DRAFT)  
-----086642 040435Z /15  
R 031614Z APR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: ZAMBIA DEVALUES THE KWACHA

REF: LUSAKA 886

1. REFTEL REQUESTED ANY INFORMATION AVAILABLE FROM IMF ON RATIONALE FOR RECENT KWACHA DEVALUATION. IN MEETING WITH DEPTOFFS AND TREASURY REPRESENTATIVE MARCH 16 TO DISCUSS ZAMBIAN STANDBY (REPORTED SEPTTEL), IMF STAFF REFUSED TO COMMENT ON POSSIBILITY OF IMPENDING DEVALUATION. GRZ'S MARCH 17 ACTION WAS PRESUMABLY KNOWN TO IMF AT THAT TIME.

2. DEPARTMENT HAS NOW RECEIVED AND IS POUCHING TO EMBASSY IMF PAPER EBS/78/144, DATED MARCH 17, 1978,  
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TITLED "ZAMBIA - EXCHANGE SYSTEM." DRAFT IMF EXECUTIVE BOARD DECISION NOTING ZAMBIAN ACTION WAS APPROVED WITHOUT DISCUSSION MARCH 27.

3. IMF PAPER STATES IN PART, "THE PROPOSED EXCHANGE RATE DEPRECIATION IS REQUIRED TO HELP RESTORE THE PROFITABILITY OF THE MINING COMPANIES AND TO PROMOTE OTHER

EXPORTS, AS WELL AS IMPORT SUBSTITUTION, ESPECIALLY OF  
AGRICULTURAL PRODUCTS.... THE STAFF BELIEVES THAT,

IN THE CONTEXT OF THE STABILIZATION PROGRAM, THE  
DEPRECIATION OF THE KWACHA BY 10 PERCENT, AS PROPOSED  
BY THE ZAMBIAN AUTHORITIES, IS ADEQUATE IN THE LIGHT OF  
THE PRESENT AND PROSPECTIVE BALANCE OF PAYMENTS OUTLOOK  
AND THE COST-PRICE STRUCTURE IN THE EXPORT SECTOR AS  
WELL AS THE REST OF THE ECONOMY."

CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVALUATIONS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE084890  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** PGSMITH:JJ  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** EFIN, ZA  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014